

# Special Education Tuition

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## Background

Districts often find it cost-effective to purchase special education services from another agency, particularly for expensive or highly specialized services. These can range from a shared psychologist to the full-time attendance of a pupil in a non-resident district. School districts may also establish cooperative arrangements under s. 66.0301 to share the cost of services. DPI supports these efforts to ensure that districts are able to meet their FAPE responsibilities within their limited resources. However, there are accounting and fiscal monitoring considerations for services purchased with tuition.

Tuition is “the price of or payment for instruction.”<sup>1</sup> It is paid for services provided by a variety of agencies such as school districts, CESAs, CCDEBs, non-sectarian private schools, or tribal schools.<sup>2</sup> State statutes do not provide a specific definition of tuition, but it is described more broadly than full-time enrollment out of one school district into another.<sup>3</sup> The statutory method for computing tuition is designed to determine a daily rate based upon the non-resident school district’s average daily cost per student, which is not applicable in many situations. DPI is allowed to approve alternative procedures for determining tuition.<sup>4</sup>

Beginning in fiscal year 2013, school districts were required to code the flat-rate portion of open enrollment tuition to Fund 10. The U.S. Department of Education no longer permits DPI to count that portion toward a district’s IDEA Maintenance of Effort (MOE) because it is considered a base cost of education, not an excess cost of special education. This requirement creates a disparity in how different tuition arrangements are treated for MOE compliance, if non-open enrollment tuition does not also include a base component coded to Fund 10.

## Determining Tuition

There are three approved methods for determining the tuition of a special education pupil for enrollment in or a purchased service from an agency of service: (1) standard tuition under the statutory method, (2) the open enrollment rate, and (3) the actual cost of services. Agreements must be clear about which method is used. Invoices for tuition should separate the portion for regular education and base or overhead expenses, which is coded to Fund 10, from the portion for special education services, which is coded to Fund 27.

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<sup>1</sup> tuition. *Webster’s new collegiate dictionary* (8<sup>th</sup> ed.). (1977). Springfield, Mass.: G.C. Merriam.

<sup>2</sup> s. 121.76 (a).

<sup>3</sup> Examples: “[An agency of service] provides services for which tuition may be charged” (s. 121.76 (a)). “Pupils may be placed in: (a) Special education and related services under subch. V of ch. 115....” (s.121.78 (3)).

<sup>4</sup> s. 121.76 (2) (a).

## Method 1: Standard Tuition

Section 121.83 of the Wisconsin Statutes describes the standard method for computing tuition. This method calculates daily rates for “regular” and “special” tuition—the regular rate applies to all pupils, while the special rate is specific to the special education program serving a specific pupil. DPI form PI-1524 is used to compute these rates from financial data coded using the Wisconsin Uniform Financial Accounting Requirements (WUFAR). Regular tuition expenses and revenues are coded to Fund 10, while special tuition is coded to Fund 27.

Form PI-1524 is available on the DPI website at:

[http://sfs.dpi.wi.gov/sfs\\_tuition](http://sfs.dpi.wi.gov/sfs_tuition)

## Method 2: Open Enrollment Rate

The open enrollment program uses a flat tuition rate for all pupils. Under a 2004 federal consent agreement, only the additional and specific costs of serving a special education pupil can be added to that rate.<sup>5</sup> For example, the cost of a one-on-one aide may be included in a pupil’s open enrollment tuition, but the cost of an aide working with their entire classroom may not be. Flat rate tuition is coded to Fund 10 whether or not a pupil has an IEP—only additional special education costs are coded to Fund 27. This method is required for pupils in the open enrollment program, which transfers FAPE responsibility to the enrolling district.

Form PI-9423 for open enrollment tuition is available on the DPI website at:

<http://oe.dpi.wi.gov/special-ed>

## Method 3: Actual Cost

In some cases it may be appropriate to charge the actual cost of a particular service or set of services. By law, tuition must:

1. Include any unusual costs associated with the pupil,
2. Exclude any costs associated with the pupil which are paid from a source other than tuition and property taxes,
3. Cover only the period during which services were actually provided or available to the pupil, and
4. Not impose a financial burden on the agency of service.<sup>6</sup>

An agency may charge tuition under these conditions to cover the actual cost of providing services. With this method, tuition for services provided to fulfill an IEP is coded to Fund 27, while tuition for services outside the scope of an IEP or other ancillary costs is coded to Fund 10. Administrative or overhead costs may be included only if they would not otherwise exist but for the specific program for which tuition is paid—a percentage of overall costs is not allowed.

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<sup>5</sup> Doe v. Wis. DPI. Case 03-CV-892, (E.D. Wis. 2004).

<sup>6</sup> s. 121.75.

## Frequently Asked Questions

**Q: Which tuition method should we use?**

A: The tuition method used should be appropriate to the specific circumstances of the pupil, resident district, and agency of service. If the pupil is enrolled by and attends the agency of service full-time as if they were a resident, the standard tuition or open enrollment flat rate methods may be most appropriate. If the pupil is served for only an hour a day, the actual cost method may be more appropriate.

**Q: What's the difference between tuition and a purchased service?**

A: Tuition is payment for instructional services. A purchased service is any service contracted by a district from another agency or provider. There is much overlap between tuition and purchased services, but they are not one and the same.

**Q: We have a cooperative (s. 66.0301) agreement. Isn't that different from tuition?**

A: With a cooperative agreement, the participating districts pay tuition and purchase non-instructional services from the cooperative as a whole. The language of s. 66.0301 implies that the actual cost method may be most appropriate for cooperative agreements.

**Q: We share a psychologist with other districts. Is that tuition?**

A: No. Payments for the purchase of non-instructional services are not considered tuition. However, special education psychological services costs (function 215000) are part of the standard daily tuition rate computation defined in state statutes.

**Q: We're paying for a special education pupil. Why isn't the entire cost in Fund 27?**

A: Under the legal definitions of standard and open enrollment tuition, both methods have a base component reflecting general costs, and an additional component reflecting special education costs. The U.S. Department of Education does not permit DPI to allow districts to count base open enrollment tuition toward IDEA Maintenance of Effort (MOE), which is why we require that it be coded to Fund 10. In order to treat different enrollment arrangements consistently, we require that the base component of any tuition be coded to Fund 10.

**Q: Can there be Fund 10 tuition under the actual cost method?**

A: Yes. Any portion of actual cost tuition that cannot be directly attributed to the excess or additional cost of fulfilling a pupil's IEP is coded to Fund 10. Depending upon the specific circumstances, a portion of actual cost tuition may or may not be coded to Fund 10.

**Q: We're using the open enrollment flat rate method and the enrolling district isn't charging any additional cost for a pupil with an IEP. How can there be no Fund 27 tuition?**

A: The base open enrollment flat rate is always coded to Fund 10. If the enrolling district is able to fulfill a pupil's IEP with its existing program and personnel under the open enrollment flat rate, then it assumes no additional burden for serving that pupil and there is no Fund 27 cost to charge.